

03-1150

TOWNSHIP OF MARTIN, MICHIGAN
(Allegan)
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF MARTIN	County ALLEGAN
Audit Date JUNE 30, 2004	Opinion Date OCTOBER 21, 2004	Date Accountant Report Submitted to State: DECEMBER 8, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name)

REHMANN ROBSON

Street Address

PO BOX 6547

City

GRAND RAPIDS

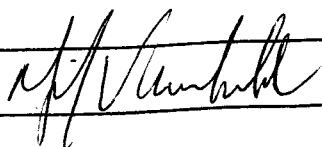
State

MI

ZIP

49516-6547

Accountant Signature



TOWNSHIP OF MARTIN

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

October 21, 2004

Members of the Township Board
Township of Martin
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Martin Township, Allegan County Michigan, as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Martin Township. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Martin Township as of June 30, 2004, and the respective changes in financial position, thereof and the respective budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2004 on our consideration of Martin Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 7, the Township adopted the provisions of Governmental Accounting Standards Board Statement Nos. 34, 37, and 38 and GASB Interpretation 6 as of and for the year ended June 30, 2004. This results in a change to the format and content of the basic financial statements.

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Martin Township's basic financial statements. The combining and individual financial statements and schedules are presented for purposes of additional analysis and are not a required part of the Township's basic financial statements. The combining and individual financial statements and schedules have been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Rehmann Lohman

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Martin Township, we offer readers of Martin Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- A combined security grant was received to provide additional public safety/fire department.
- Additional funding and efforts were utilized to maintain the Township cemetery.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Martin Township's financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of Martin Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government administration, library, public works including major and local street maintenance, public safety and recreation and cultural activities.

The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the following five funds: general, library, road, fire protection, and cemetery.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 11-18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resource of those funds are *not* available to the support the Township's own programs.

The fiduciary fund financial statement can be found on page 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-31 of this report.

Combining and individual fund statements and schedules can be found on pages 32-35 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Township, assets exceeded liabilities by \$1,191,072 at the close of the most recent fiscal year.

A significant portion of the Township's net assets reflects unrestricted net assets which are available for future operation while another portion of net assets is invested in capital assets (e.g., land, buildings, vehicles and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Because this is the first year of implementation of Governmental Accounting Standards Board Statement No. 34, which requires this new reporting model, the following tables present only current year data. In future years, when prior-year information is available, comparative analysis of government-wide data will be presented.

Martin Township's Net Assets

	<u>Governmental Activities</u>
Current and other assets	\$ 943,426
Capital assets	<u>409,393</u>
Total assets	<u>1,352,819</u>
Long-term liabilities outstanding	25,927
Other liabilities	<u>135,820</u>
Total liabilities	<u>161,747</u>
Net assets:	
Invested in capital assets, net of related debt	358,887
Restricted	297,588
Unrestricted	<u>534,597</u>
Total net assets	<u>\$ 1,191,072</u>

Net assets of the Township increased by \$288,937 primarily due to the road fund having a limited number of projects in 2004.

Martin Township Changes in Net Assets

	<u>Governmental Activities</u>
Revenue:	
Program revenue:	
Charges for services	\$ 83,130
Operating grants and contributions	13,211
Capital grants and contributions	<u>6,159</u>
Total program revenue	<u>102,500</u>
General revenue:	
Property taxes	314,874
State shared revenues	158,541
Other	<u>5,217</u>
Total general revenue:	<u>478,632</u>
Total revenue	<u>\$ 581,132</u>
Expenses:	
Legislative	14,425
General government	131,900
Public safety	80,467
Public works	19,938
Culture and recreation	41,416
Interest	<u>4,049</u>
Total expenses	<u>292,195</u>
Increase in net assets	288,937
Net assets – beginning of year	<u>902,135</u>
Net assets – end of year	<u>\$ 1,191,072</u>

Governmental activities

During the year the Township continued its emphasis in public safety by investing \$80,467 or 27% of governmental activities expenses. General government, which includes general Township operations was \$131,900 or 45% of governmental activities expenses while legislative, public works, culture and recreation and interest on long-term debt made up the remaining 28% of governmental activities expenses.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$832,185, an increase of \$222,101 in comparison with the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$309,110 which is equal to total fund balance. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures.

The fund balance of the Township's general fund decreased by \$32,843 during the current fiscal year.

The library, road and fire protection funds had fund balances of \$225,487, \$238,323 and \$57,796, respectively.

General Fund Budgetary Highlights

There were no differences between the original and final amended budgets for expenditures.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of June 30, 2004, amounted to \$409,393 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and vehicles and infrastructure. Significant capital purchases during the year consisted primarily of infrastructure improvements and fire protection equipment.

Martin Township Capital Assets (net of depreciation)

	<u>Governmental Activities</u>
Land	\$ 24,100
Buildings	101,467
Equipment and vehicles	256,918
Infrastructure	<u>26,908</u>
Total	<u>\$ 409,393</u>

Additional information on the Township capital assets can be found in Note 4 on page 28 of this report.

Long-term debt. At the end of the current fiscal year, the Township had total debt outstanding of \$50,506 as follows:

Martin Township Long-term Debt

	<u>Governmental Activities</u>
Capital lease	\$ 50,506
Total	<u>\$ 50,506</u>

The City's total debt decreased by \$23,301 during the current fiscal year.

Additional information on the Township's long-term debt can be found in Note 6 on page 29 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2004-05 fiscal year:

- Increased property tax revenue due to increase taxable values and an increase in the fire protection millage to one mill.
- Slight decline in the state revenue sharing payments due to state budget issues.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Clerk, 958 Lee Street, P.O. Box 27, Martin, Michigan, 49070.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF MARTIN
STATEMENT OF NET ASSETS

JUNE 30, 2004

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 889,273
Accounts receivables	2,000
Due from other governments	52,153
Capital assets, net	
Land	24,100
Buildings, equipment and infrastructure, net	<u>385,293</u>
Total assets	<u>1,352,819</u>
Liabilities	
Accounts payable and accrued expenses	28,383
Deferred revenue	82,858
Noncurrent liabilities:	
Due within one year	24,579
Due in more than one year	<u>25,927</u>
Total liabilities	<u>161,747</u>
Net Assets	
Invested in capital assets, net of related debt	358,887
Restricted for:	
Roads	238,323
Fire protection	57,796
Cemetery	1,469
Unrestricted	<u>534,597</u>
Total net assets	<u><u>\$ 1,191,072</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities:					
Legislative	\$ 14,425	\$ -	\$ -	\$ -	\$ (14,425)
General government	131,900	23,671	5,111	-	(103,118)
Public safety	80,467	39,885	-	6,159	(34,423)
Public works	19,938	-	8,100	-	(11,838)
Culture and recreation	41,416	19,574	-	-	(21,842)
Interest on long-term debt	4,049	-	-	-	(4,049)
Total governmental activities	<u>\$ 292,195</u>	<u>\$ 83,130</u>	<u>\$ 13,211</u>	<u>\$ 6,159</u>	<u>(189,695)</u>
Changes in net assets					
Net (expense) revenue					(189,695)
General revenues:					
Property taxes					
General operating					314,874
State shared revenues					158,541
Interest earnings					<u>5,217</u>
Total general revenues, contributions and transfers					<u>478,632</u>
Change in net assets					288,937
Net assets, beginning of year, as restated					<u>902,135</u>
Net assets, end of year					<u>\$ 1,191,072</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2004

	Special Revenue Funds				Permanent Fund	Total
	General	J.C. Wheeler Library Fund	Road Fund	Fire Protections	Cemetery Fund	Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$264,547	\$ 226,479	\$255,947	\$ 140,831	\$ 1,469	\$ 889,273
Accounts receivable	-	2,000	-	-	-	2,000
Due from other governmental units	52,153	-	-	-	-	52,153
<u>TOTAL ASSETS</u>	<u>\$316,700</u>	<u>\$ 228,479</u>	<u>\$255,947</u>	<u>\$ 140,831</u>	<u>\$ 1,469</u>	<u>\$ 943,426</u>
<u>LIABILITIES AND FUND EQUITY</u>						
<u>LIABILITIES</u>						
Accounts payable	\$ 7,590	\$ 2,992	\$ 17,624	\$ 177	\$ -	\$ 28,383
Deferred revenue	-	-	-	82,858	-	82,858
<u>TOTAL LIABILITIES</u>	<u>7,590</u>	<u>2,992</u>	<u>17,624</u>	<u>83,035</u>	<u>-</u>	<u>111,241</u>
<u>FUND BALANCES</u>						
Reserved for:						
Perpetual care	-	-	-	-	1,460	1,460
Unreserved:						
Designated	35,721	-	-	-	-	35,721
Undesignated	273,389	225,487	238,323	57,796	9	795,004
<u>TOTAL FUND BALANCES</u>	<u>309,110</u>	<u>225,487</u>	<u>238,323</u>	<u>57,796</u>	<u>1,469</u>	<u>832,185</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$316,700</u>	<u>\$ 228,479</u>	<u>\$255,947</u>	<u>\$ 140,831</u>	<u>\$ 1,469</u>	<u>\$ 943,426</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS

JUNE 30, 2004

Fund balances - total governmental funds	\$ 832,185
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets (net)	409,393
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - notes payable	<u>(50,506)</u>
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Net assets of governmental activities	<u><u>\$ 1,191,072</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN

STATEMENT OF REVENUES, EXPENDITURES, AND AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2004

	General	Special Revenue Funds			Permanent	Total
	Fund	J.C. Wheeler Library Fund	Road Fund	Fire Protection	Cemetery Fund	Governmental Funds
REVENUES						
Taxes	\$ 68,335	\$ -	\$190,548	\$ 56,219	\$ -	\$ 315,102
Licenses and permits	19,885	-	-	-	-	19,885
State shared revenues	156,726	1,816	-	-	-	158,542
Federal revenue	-	-	-	6,159	-	6,159
Contributions from local unit	-	-	-	20,000	-	20,000
Contributions from private individuals	-	-	8,100	-	-	8,100
Fines and forfeitures	-	19,574	-	-	-	19,574
Charges for services	14,893	-	-	-	-	14,893
Interest and rentals	4,485	109	1,424	-	9	6,027
Miscellaneous	12,463	388	-	-	-	12,851
TOTAL REVENUES	276,787	21,887	200,072	82,378	9	581,133
EXPENDITURES						
Current						
Legislative	14,425	-	-	-	-	14,425
General government	125,473	-	-	-	-	125,473
Public safety	34,825	-	-	67,523	-	102,348
Public works	1,625	-	45,222	-	-	46,847
Recreation and culture	1,316	40,100	-	-	-	41,416
Debt Service						
Principal	-	-	-	23,301	-	23,301
Interest	-	-	-	4,049	-	4,049
Capital outlay	1,173	-	-	-	-	1,173
TOTAL EXPENDITURES	178,837	40,100	45,222	94,873	-	359,032
REVENUES OVER (UNDER) EXPENDITURES	97,950	(18,213)	154,850	(12,495)	9	222,101
OTHER FINANCING SOURCES (USES)						
Transfers in	-	27,103	33,399	70,291	-	130,793
Transfers (out)	(130,793)	-	-	-	-	(130,793)
TOTAL OTHER FINANCING SOURCES (USES)	(130,793)	27,103	33,399	70,291	-	-
NET CHANGES IN FUND BALANCES	(32,843)	8,890	188,249	57,796	9	222,101
FUND BALANCES, BEGINNING OF YEAR	341,953	216,597	50,074	-	1,460	610,084
FUND BALANCES, END OF YEAR	\$309,110	\$ 225,487	\$238,323	\$ 57,796	\$ 1,469	\$ 832,185

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2004

Net change in fund balances - total governmental funds	\$ 222,101
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Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Add - capital outlay	62,533
Deduct - depreciation expense	(18,998)

Repayment of principal on long-term liabilities is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	<u>23,301</u>
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Change in net assets of governmental activities	<u><u>\$ 288,937</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 65,000	\$ 65,000	\$ 68,335	\$ 3,335
Licenses and permits	30,000	30,000	19,885	(10,115)
State shared revenues	169,433	169,433	156,726	(12,707)
Charges for services	10,650	10,650	14,893	4,243
Interest and rentals	5,000	5,000	4,485	(515)
Miscellaneous	3,500	3,500	12,463	8,963
TOTAL REVENUES	283,583	283,583	276,787	(6,796)
EXPENDITURES				
Current				
Legislative	23,265	23,265	14,425	8,840
General government	131,945	131,945	125,473	6,472
Public safety	40,200	40,200	34,825	5,375
Public works	1,750	1,750	1,625	125
Recreation and culture	750	750	1,316	(566)
Capital outlay	5,700	5,700	1,173	4,527
TOTAL EXPENDITURES	203,610	203,610	178,837	24,773
REVENUES OVER (UNDER) EXPENDITURES	79,973	79,973	97,950	17,977
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(18,650)	(18,650)	(130,793)	(112,143)
NET CHANGES IN FUND BALANCE	61,323	61,323	(32,843)	(94,166)
FUND BALANCE, BEGINNING OF YEAR	341,953	341,953	341,953	-
FUND BALANCE, END OF YEAR	\$ 403,276	\$ 403,276	\$ 309,110	\$ (94,166)

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN
J.C. WHEELER LIBRARY FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
State shared revenue	\$ 2,700	\$ 2,700	\$ 1,816	\$ (884)
Fines and forfeitures	20,000	20,000	19,574	(426)
Interest and rentals	2,000	2,000	109	(1,891)
Miscellaneous	-	-	388	388
TOTAL REVENUES	24,700	24,700	21,887	(2,813)
EXPENDITURES				
Current				
Recreational and cultural	43,350	43,350	40,100	3,250
REVENUES OVER (UNDER) EXPENDITURES	(18,650)	(18,650)	(18,213)	437
OTHER FINANCING SOURCES				
Transfers in	18,650	18,650	27,103	8,453
NET CHANGES IN FUND BALANCE	-	-	8,890	8,890
FUND BALANCE, BEGINNING OF YEAR	216,597	216,597	216,597	-
FUND BALANCE, END OF YEAR	\$ 216,597	\$ 216,597	\$ 225,487	\$ 8,890

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN

ROAD FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 180,000	\$ 180,000	\$ 190,548	\$ 10,548
Contributions from private individuals	15,600	15,600	8,100	(7,500)
Interest and rentals	-	-	1,424	1,424
TOTAL REVENUES	195,600	195,600	200,072	4,472
EXPENDITURES				
Current				
Highways and streets				
Local roads	226,073	226,073	45,222	180,851
REVENUES OVER (UNDER) EXPENDITURES	(30,473)	(30,473)	154,850	185,323
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	33,399	33,399
NET CHANGES IN FUND BALANCE	(30,473)	(30,473)	188,249	218,722
FUND BALANCE, BEGINNING OF YEAR	50,074	50,074	50,074	-
FUND BALANCE, END OF YEAR	\$ 19,601	\$ 19,601	\$ 238,323	\$ 218,722

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN
FIRE PROTECTION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 53,000	\$ 53,000	\$ 56,219	\$ 3,219
Federal revenue	-	-	6,159	6,159
Contributions from local unit	25,000	25,000	20,000	(5,000)
TOTAL REVENUES	78,000	78,000	82,378	4,378
EXPENDITURES				
Current				
Fire Protection	90,100	90,100	67,523	22,577
Debt Service				
Principal	27,351	27,351	23,301	4,050
Interest	-	-	4,049	(4,049)
TOTAL EXPENDITURES	117,451	117,451	94,873	22,578
REVENUES OVER (UNDER) EXPENDITURES	(39,451)	(39,451)	(12,495)	26,956
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	70,291	70,291
NET CHANGES IN FUND BALANCE	(39,451)	(39,451)	57,796	97,247
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ (39,451)	\$ (39,451)	\$ 57,796	\$ 97,247

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF MARTIN
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2004

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 39,317</u>
<u>LIABILITIES</u>	
Due to other governmental units	<u>\$ 39,317</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Martin was incorporated as a Township in 1984, under the provisions of Act 279, P.A. 1909 as amended (Home Rule Township Act). The Township operates under a Board-manager form of government and provides the following services as authorized by its charter: general administrative services, public safety, highway and street maintenance, health, culture, recreation and other governmental functions.

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township. There are no entities which have significant operational or financial relationships with the Township which should be included as component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

The Township reports the following major governmental funds:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources, except those required to be accounted for in another fund.

The J.C. Wheeler Library Fund – The J.C. Wheeler Library Fund accounts for the operations of the Township library. This fund is primarily funded through a county-wide tax levy and penal fines.

Road Fund – The Road Fund is used to account for the revenues received from property taxes which are specifically earmarked for construction and maintenance of roads in the Township.

The Fire Protection Fund – the fire protection fund accounts for the revenues received from property taxes which are legally restricted for fire protection activities.

Cemetery Permanent Fund – the cemetery permanent fund accounts for the corpus of antitrust for which only interests on the corpus may be expensed for cemetery maintenance.

Additionally, the Township reports the following fund types.

Agency Funds - Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Governmental fund financial statements are reported using the correct financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the correct period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the correct fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Comparisons to budget are presented for General and Special Revenue Funds as required by generally accepted accounting principles. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Township Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. The proposed budget is on file for public inspection in the office of the Township clerk for a period of not less than one week prior to adoption.
3. A public hearing regarding the proposed budget is held before the budget is legally adopted by resolution.
4. Formal budgetary integration is employed as a management control device during the year for the general and all special revenue funds.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621, which was followed during the year ended June 30, 2004. Any amendment to the original budget must meet the requirements of Public Act 621. The Township did not amend its budget for the year ended June 30, 2004. Any revisions that alter the total expenditures of any fund must be approved by the Township Board.

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Budgets for expenditures are adopted on an activity basis. Budgeted amounts are as originally adopted, by the Township Board.

Cash and Cash Equivalents

The Township considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible balance is considered to be immaterial at year end.

Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental and business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received. The amount reported for infrastructure includes only assets added in 2004.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on capital assets (including infrastructure), is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building	15-50
Equipment/vehicles	5-40
Infrastructure	40

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Deferred Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. At the end of the current fiscal year, *deferred revenue* reported in the governmental funds was for advanced grant payments totaling \$82,858.

Encumbrances

The Township does not formally record encumbrances in the accounting records during the year as a normal practice. The general practice is to consider appropriations to lapse at the end of the year and to reappropriate amounts for expenditures to be incurred in the next fiscal year.

Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

The following designations had been made by the Board at year-end:

	<u>General Fund</u>
Cemetery Sinking	\$ 35,721

Property Taxes

The Township bills and collects its own property taxes which are levied December 1 and payable February 14 (75 days after the date levied). The Township also collects taxes for other governmental units which are payable on July 1 and December 1. Property tax revenues are recognized as revenue when levied to the extent that they result in current receivables. Collection of all the taxes are accounted for in the current tax collection fund.

Long-Term Obligations

In the government-wide financial statements the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. For new debt issuances after the implementation of GASB Statement No. 34, premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Debt payable is reported net of the applicable premium or discount.

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Grants and Other Intergovernmental Revenues

Grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenue when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditure/expenses are incurred.

Interfund Transactions

During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. The amounts recorded as subsidies or advances is determined by the Township. Transfers for the year were as follows:

Transfers to the library and road fund for the year represented subsidiaries while the transfer to the fire protection fund represent the transfer of resources formerly designated for fire protection in the general fund to the newly created fire protection fund.

	<u>Transfers in</u>			<u>Transfers Out</u>
	<u>Library Fund</u>	<u>Road Fund</u>	<u>Fire Protection Fund</u>	
General fund	<u>\$ 27,103</u>	<u>\$ 33,399</u>	<u>\$ 70,291</u>	<u>\$ 130,793</u>

Vacation, Sick Leave and Other Compensated Absences

Accumulated vacation, sick leave, or other compensation at June 30, 2004 was immaterial.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2004, the Township carried commercial insurance to cover risks of losses. The Township has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted on an activity level.

During the year ended June 30, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<u>General Fund</u>			
General Government			
Assessor	\$ 15,700	\$ 16,664	\$ (964)
Township hall and grounds	7,327	9,069	(1,742)
Cemetery	28,475	29,245	(770)
Public Safety			
Amulance	-	5,000	(5,000)
Recreation to culture			
Parks and recreation	750	1,316	(566)
Transfers out	18,650	130,793	(112,143)

3. DEPOSITS

The captions on the combined balance sheet relating to cash, cash equivalents and investments and the amounts in the Total (Memorandum Only) column are as follows:

	<u>Governmental Activities</u>	<u>Agency Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 889,273	\$ 39,317	\$ 928,590
	<u>\$ 889,273</u>	<u>\$ 39,317</u>	<u>\$ 928,590</u>

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Bank Balance</u>
The bank balances of the Township's deposits were classified as to risk as follows:	
Insured (FDIC)	\$ 100,000
Uninsured, uncollateralized	<u>840,727</u>
Total	<u>\$ 940,727</u>

These deposits are in one (1) financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value. Interest is recorded when earned.

Statutory Authority

The governmental entity is authorized by the governing body to invest surplus funds, in the following:

- Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through 12/31/97.

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

4. FIXED ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 24,100	\$ -	\$ -	\$ 24,100
Capital assets, being depreciated				
Buildings	260,000	-	-	260,000
Equipment and vehicles	337,488	34,935	-	372,423
Infrastructure	<u>-</u>	<u>27,598</u>	<u>-</u>	<u>27,598</u>
Total capital assets, being depreciated	<u>597,488</u>	<u>62,533</u>	<u>-</u>	<u>660,021</u>
Less accumulated depreciation for:				
Buildings	152,106	6,427	-	158,533
Equipment and vehicles	103,624	11,881	-	115,505
Infrastructure	<u>-</u>	<u>690</u>	<u>-</u>	<u>690</u>
Total accumulated depreciation	<u>255,730</u>	<u>18,998</u>	<u>-</u>	<u>274,728</u>
Net capital assets, being depreciated	<u>341,758</u>	<u>43,535</u>	<u>-</u>	<u>385,293</u>
Governmental activities capital assets, net	<u>\$ 365,858</u>	<u>\$ 43,535</u>	<u>\$ -</u>	<u>\$ 409,393</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 6,427
Public works	689
Public safety	<u>11,882</u>

Total depreciation expense
- governmental activities \$ 18,998

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

5. DEFINED CONTRIBUTION PENSION PLAN

The information for the Township's defined contribution pension plan is as of December 31, 2004, which is the most recent information available.

Plan Description

The Township provides pension benefits for all its elected officials, librarian, and sextant through a defined contribution plan. The plan is a nontrustee plan, and the Township does not administer the plan assets. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan state statute assigned the authority to establish and amend benefit provisions to the Township Board of trustees. Officials are eligible to participate from the date of employment and are fully vested immediately. The Township contributes approximately 4.5% of salary yearly for each trustee and employee into the plan. The Township made the required contribution of \$4,675 during the year ended June 30, 2004.

6. LONG-TERM DEBT

	Balance July 1, 2003	Additions (Deletions)	Balance June 30, 2004	Due Within One Year
7.5% capital lease for the purchase of a fire truck with Kansas State Bank of Manhattan, payable in annual installments of \$27,350 through 2006	\$ 73,807	\$ 23,301	\$ 50,506	\$ 24,579

The annual requirements to amortize all debt outstanding (excluding accrued employee benefits) as of June 30, 2004 are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2005	\$ 24,579	\$ 2,771
2006	25,927	1,423
Total	\$ 50,506	\$ 4,194

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

7. RESTATEMENT

As of and for the year ended June 30, 2004, the City implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- No. 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*
- No. 38 – *Certain Financial Statement Note Disclosures*

Interpretation

- No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

The above pronouncements are all related to the new financial reporting requirements for state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005. The City is required to implement the new requirements no later than the fiscal year ending June 30, 2004

The more significant of the changes required by the new standards include:

- Basic financial statements that include:
 - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
 - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds;
 - Schedules to reconcile the fund financial statements to the government-wide financial statements;
 - Budgetary statement and schedules
 - Notes to the basic financial statements

TOWNSHIP OF MARTIN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

7. RESTATEMENT (CONTINUED)

As a result of implementing these pronouncements for the fiscal year ended June 30, 2004 the following restatements were made to beginning net asset accounts.

Government-wide financial statements. Beginning net assets for governmental activities was determined as follows:

Fund balances of governmental funds as of June 30, 2003	\$ 610,084
Add: Governmental capital assets, including general fixed assets as of June 30, 2003	621,588
Deduct: Accumulated depreciation as of June 30, 2003 on above governmental capital assets	(255,730)
Deduct: Bonds payable as of June 30, 2003	<u>(73,807)</u>
Governmental net assets, restated, as of July 1, 2003	<u>\$ 902,135</u>

* * * * *

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

GENERAL FUND

TOWNSHIP OF MARTIN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes:				
Current property taxes	\$ 48,000	\$ 48,000	\$ 50,852	\$ 2,852
Tax collection fees	16,500	16,500	17,255	755
Trailer park fees	500	500	228	(272)
Total taxes	65,000	65,000	68,335	3,335
Licenses and Permits:				
Building and zoning fees	30,000	30,000	19,885	(10,115)
State Shared Revenues:				
State grants	169,433	169,433	156,726	(12,707)
Charges for Services:				
Burial fees	10,000	10,000	13,115	3,115
Foundations	650	650	1,778	1,128
Total Charges for Services	10,650	10,650	14,893	4,243
Interest and rentals:				
Interest	3,500	3,500	3,675	175
Building rentals	1,500	1,500	810	(690)
Total interest and rentals	5,000	5,000	4,485	(515)
Miscellaneous	3,500	3,500	12,463	8,963
TOTAL REVENUES	283,583	283,583	276,787	(6,796)

(Continued)

TOWNSHIP OF MARTIN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
LEGISLATIVE				
Legislative - board	\$ 23,265	\$ 23,265	\$ 14,425	\$ 8,840
GENERAL GOVERNMENT:				
Township supervisor	14,231	14,231	13,036	1,195
Elections and registrations	5,200	5,200	251	4,949
Clerk	15,681	15,681	14,466	1,215
Board of review	1,650	1,650	1,156	494
Assessor	15,700	15,700	16,664	(964)
Treasurer	18,431	18,431	17,639	792
Township hall and grounds	7,327	7,327	9,069	(1,742)
Cemetery	28,475	28,475	29,245	(770)
Other general services	25,250	25,250	23,947	1,303
Total general government	131,945	131,945	125,473	6,472
PUBLIC SAFETY:				
Ambulance	-	-	5,000	(5,000)
Zoning and planning	40,200	40,200	29,825	10,375
Total public safety	40,200	40,200	34,825	5,375
PUBLIC WORKS:				
Street lighting	250	250	179	71
Refuse	1,500	1,500	1,446	54
Total public works	1,750	1,750	1,625	125

(Continued)

TOWNSHIP OF MARTIN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - COMPARED TO BUDGET (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2004

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
RECREATION AND CULTURE:				
Parks and recreation	\$ 750	\$ 750	\$ 1,316	\$ (566)
TOTAL CURRENT EXPENDITURES	197,910	197,910	177,664	20,246
CAPITAL OUTLAY	5,700	5,700	1,173	4,527
TOTAL EXPENDITURES	203,610	203,610	178,837	24,773
REVENUE OVER (UNDER) EXPENDITURES	79,973	79,973	97,950	17,977
OTHER FINANCING SOURCES (USES):				
Transfer (out)	(18,650)	(18,650)	(130,793)	(112,143)
NET CHANGES IN FUND BALANCE	61,323	61,323	(32,843)	(94,166)
FUND BALANCE - BEGINNING OF YEAR	341,953	341,953	341,953	-
FUND BALANCE - END OF YEAR	\$ 403,276	\$ 403,276	\$ 309,110	\$ (94,166)

(Concluded)

FIDUCIARY FUNDS

TOWNSHIP OF MARTIN

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2004

	<u>AGENCY FUNDS</u>		<u>TOTAL</u>
	<u>CURRENT TAX COLLECTION FUND</u>	<u>PAYROLL AND TRAILER TAX FUND</u>	
<u>ASSETS</u>			
Cash and cash equivalents	<u>\$ 38,804</u>	<u>\$ 513</u>	<u>\$ 39,317</u>
<u>LIABILITIES</u>			
Due to other governmental units	<u>\$ 38,804</u>	<u>\$ 513</u>	<u>\$ 39,317</u>

COMPLIANCE AND INTERNAL CONTROL



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

October 21, 2004

Members of the Township Board
Township of Martin
Allegan County, Michigan

We have audited the financial statements the governmental activities, each major fund and the aggregate remaining fund information of Martin Township as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Martin Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Martin Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Township's Board, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.